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#### ARTICLES:

- (1) Government intends to compromise on Futenma base relocation by moving runway 90 meters into the sea; Okinawa Prefecture, Nago City forward looking about the plan

YOMIURI (Top play) (Full)  
January 1, 2008

The government has firmed up its intention to revise the agreement between the Japanese and U.S. governments in 2006 to construct an

alternate facility for the U.S. Marines' Futenma Air Station (Ginowan City) on the shore of Camp Schwab (Nago City) in Okinawa Prefecture by moving the proposed site approximately 90 meters toward the sea. Okinawa Prefecture and Nago City are taking a forward-looking stance toward accepting the proposal. With this compromise, the possibility has emerged that the issue of Futenma's relocation, stalled for close to 12 years since the reversion agreement, will finally move toward resolution.

On the issue of Futenma's relocation, the former Defense Agency and Nago City reached a basic agreement in April 2006 to construct a V-shaped double runway on the shores of Camp Schwab. Later, Nago City proposed that the runway be moved more than 300 meters offshore, to which Okinawa Prefecture concurred. But the government balked at the plan, and environmental assessment procedures have begun with a divergence remaining between the two sides. The government's plan calls for requesting the prefecture in August 2009 to allow land reclaiming in the neighboring waters and completing the alternate facility in 2014.

The prefecture and Nago City requested that the runway be moved offshore in order to lessen the noise factor and the danger of an accident. The government was negative to the request, stating such reasons as the need to re-coordinate any change with the U.S. side. But since the land reclamation in the neighboring waters required approval of the prefectural governor, a judgment was made with Chief Cabinet Secretary Machimura taking the lead that a compromise with the prefecture was needed.

Under the rules for implementing the environmental assessment ordinance of Okinawa Prefecture, any major change in the plan requires a revision of the procedures. But changes in the relocation distance of less than 55 meters need no revision. However, the

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prefecture and Nago City were both asking for an even larger relocation. The government, in order to respond to the request of the prefecture as best as it could, adopted a stance of considering relocating the site as close as possible to Nagashima (island) to a location approximately 90 meters from the original site for the relocation.

On the issue of coordinating the change with the U.S. side, the government takes the view: "If the relocation is approximately 90 meters, it will cause no operational problem, and cooperation can be obtained." However, on the request for shortening the runway made by Nago City, since the U.S. is expected to object, the government is thinking of obtaining the understanding of the city by such concessions as placing restrictions on the noise level during training into the runway-use agreement to be signed.

Responding to a Yomiuri Shimbun interview on the government's plan, Okinawa Governor Nakaima stated: "We would like to consider it, while respecting the wishes of Nago City. Once we obtain agreement with the central government, we have no intention of adding on any more requests." A senior official in Nago City, too, took the view: "If we can get a relocation of close to 100 meters, we will be able to explain the situation to the local community. On the problem of the length of the runway, as well, we can overcome the issue by restricting its use when signing the use agreement."

The government will listen to the views of the governor until Jan. 21 on the procedures report on the environmental assessment. In addition, it will start its own survey. In late January, after the governor announces his view, a meeting of the Futenma Relocation Council consisting of the prefecture and affected local communities will be convened (by the central government), the plan being to obtain their understanding toward starting the environmental survey. In tandem with such moves, the government's thinking is to consider informally with the prefecture and the city, the government proposal to revise the relocation plan. Possibly in March, the compromise plan could be put on the agenda of the council. However, objections can be expected from the reformist camp and citizens groups opposed to the base relocation in the prefecture, so fluid elements remain to be overcome.

(2) LDP, DPJ to clash in 210 electoral districts as selection of Lower House election candidates progresses (Asahi)

ASAHI (Page 4) (Full)  
January 1, 2008

Looking toward the next election of the House of Representatives, every political party is now moving ahead with the selection of prospective candidates to back. In a compilation by the Asahi Shimbun that was current on Dec. 31, out of the 300 small election districts, the Liberal Democratic Party (LDP) has completed candidate selection in over 90 PERCENT of them, and the Democratic Party of Japan (DPJ) has informally picked close to 80 PERCENT of its candidates. Already it is certain that candidates of the LDP and the DPJ will directly confront one another in 219 election districts. The Japanese Communist Party (JCP) has indicated that it will shrink the number of candidates in the election, and this development is likely to further turn the election into a clash between the two major parties, the LDP and the DPJ. The LDP will now coordinate whether to back former postal rebels who have returned to the fold or the "assassins" (who ran against the rebels in the last

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election). The DPJ will focus now on eliminating election districts where they have no candidates and strengthening cooperation among opposition parties.

The current tenure of the Lower House members will end in September 2009. Prime Minister Fukuda at the end of last year expressed his opinion about the timing of Diet dissolution, hinting that it might occur after the Lake Toya Summit in Hokkaido in July. However, the thinking of the DPJ, which won a landslide victory in last July's Upper House election, is to force Diet dissolution this spring after the budget bill is passed.

The LDP has decided on whom to support as candidates in 280 election districts. It is holding off backing candidates in eight districts where there are New Komeito incumbents, such as Tokyo 12 and Osaka 16. The New Komeito is now coordinating who to support in Okinawa 1, where its candidate lost in the last election. There are 11 districts where candidates to support have yet to be lined up.

However, there are still aftershocks from the previous "postal" election. There are a total of six districts, including Gifu 1, where incumbents include "assassin candidates" revived by the proportional representation races. They will be pitted against former postal rebels who were reinstated in the LDP. Party headquarters has put off final decisions until after the New Year's holiday. There will be about 10 districts, including Shizuoka 7, where former LDP postal rebels will clash with LDP candidates.

The DPJ has informally picked as of the end of last year candidates for 233 districts, but President Ozawa has hinted at the possibility of exchanging even selected candidates for other "candidates who can win." The selected candidates cannot let down their guards. At present, the goal is to back candidates in 250 districts. Election cooperation is moving ahead with the Social Democratic Party, which has decided to back candidates in 14 districts, the People's New Party and the New Party Japan. The strategy is to back candidates of other parties in approximately 25 districts.

However, in Tokyo 6 and certain other districts such as Kanagawa 12, the DPJ and the SDP are both running candidates. The division of districts in the opposition camp is not thorough.

The JCP has changed its previous policy course of supporting candidates in all election districts. As of the end of last year, it had informally picked candidates to run in 123 districts. The party is likely in the end to run candidates in about 140 districts. The New Party Japan is considering running candidates in urban districts where the DPJ is not running any candidates.

(3) LDP's factions readying for cabinet shuffle, Lower House dissolution

Factions in the ruling Liberal Democratic Party (LDP) have begun moving into action with an eye on the political situation once a cabinet shuffle occurs and is followed by dissolution of the House of Representatives and a snap election. The frenzy affects not only the Koga and Tanigaki factions, which are now discussing a plan to link up, but also other LDP factions are desperately recruiting freshman lawmakers. There is also another move in the party:

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influential lawmakers from various factions are now trying to cooperate with each other. The various factions in the LDP have previously refrained from factional activities since the Koizumi cabinet, but subtle changes have occurred, and a leadership struggle is likely to intensify.

Makoto Koga, chairman of the Koga faction, told reporters on Dec. 20 about a merger of his and the Tanigaki factions: "I'm deeply concerned because former Prime Minister Kiichi Miyazawa most cared about this." He indicated the possibility of his faction cooperating also with the faction headed by Taro Aso. He then referred to a plan to merger the three factions -- all drawn from the former Miyazawa faction (Kochi-kai).

The plan of merger of the Koga and Tanigaki factions has created a stir. With an eye to a cabinet shuffle in early next year, LDP factions are making efforts to score with party members, who are now serving in their first term in the Diet, and unaffiliated voters. Taku Yamasaki, chairman of the Yamasaki faction, which won former party policy chief Nobuteru Ishihara to its side, gave his faction members a push, saying, "I want you to convince lawmakers who are not members of the so-called Koizumi children to come over to our faction."

Yamasaki considers Ishihara to be a presidential candidate. He appears to be seeking to counter Economy, Trade and Industry Akira Amari and former Secretary General Tsutomu Takebe, who have distanced themselves from Yamasaki.

A cross-factional study group led by Shoichi Nakagawa, a member of the Ibuki faction, has been creating an uneasy atmosphere. The group has 14 members. It expects that former Prime Minister Shinzo Abe will join it. Most members of the group are political hawks coming from the Aso and Machimura factions. They predict they will become a strong driving force to field Aso as a presidential candidate for the LDP leadership race.

One senior LDP member stated: "Even if the DPJ wins or not, Democratic Party of Japan (DPJ or Minshuto) President will look for a way to form a coalition with the LDP. We should be ready so that we will be able to prevent such a move." There is a growing prediction in the LDP that a political realignment will definitely occur.

(4) Japan to provide \$20 million for Mekong East-West Corridor Project, countering China's advance to the south (Sankei)

SANKEI (Top play) (Excerpts)  
January 1, 2008

The Japanese government, in the first conference of foreign ministers from Japan and the five Mekong countries to be held in Tokyo on Jan. 16, will announce non-reimbursable financial cooperation of \$20 million (approximately 2.3 billion yen) to construct a transport net in the East-West Corridor, which crosses the five Mekong-area countries (Thailand, Vietnam, Burma (Myanmar), Cambodia, and Laos). Since China, which is contiguous to this region, is constructing a North-South Corridor, which will consist of a main artery running north to south and backed by China's economic strength, Japan's intention is to counter China's move south by introducing its own assistance that aims at rebuilding its Southeast Asian diplomacy.

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The East-West Road Corridor Project that Japan will assist consists of the east-west corridor portion (approximately 1,450 kilometers) and the Second East-West Road Corridor Project (approximately 1,000 kilometers) that will link Thailand and Cambodia. The CLV countries (Cambodia, Laos, and Vietnam), carry out the role of an economic pulse on the continent among the ASEAN countries in support of ASEAN's goal of economic integration. The needs of these three countries for infrastructure are great.

Approximately 1,300 Japanese-affiliated companies have advanced into Thailand, which is the key state in the Mekong region. If Thailand is linked to Cambodia and Laos by the East-West Corridor Project, Japanese companies also would receive great benefits, such as the construction of a second wave of factories in those two countries, where wages are still one-fifth of that in Thailand.

The planned assistance will be offered as a grant from the Japan-ASEAN Integrated Fund, created in 2006 and financed fully by Japan. The aid will be newly readied in time for announcement at the Japan-Mekong countries foreign ministerial conference.

(5) Former defense chief Kyuma received 100 million yen loan from acquaintance without collateral and undisclosed (Mainichi)

MAINICHI (Top play) (Full)  
January 1, 2008

It has been learned that former Defense Minister Fumio Kyuma received in Jan 2006, when he was chairman of the Liberal Democratic Party's General Council, 100 million yen from a male acquaintance (64) from Tsuruga City in Fukui Prefecture. Although Kyuma and the acquaintance, responding to the Mainichi's request for interview, admitted there was a "lender-borrower relationship" between them, the transaction was carried out without collateral. In his assets disclosure after he became director general of the then Defense Agency (in Sept. 2006), Kyuma never recorded the 100 million yen that he had received, so there is suspicion that he violated the code of standards for cabinet ministers.

The male acquaintance is the father of the president of OTI (Taito-ku, Tokyo), a company that sells social-welfare equipment, worked as an auditor at OTI. According to that person, he was asked in 2005 by Kyuma, an old acquaintance, to finance a land purchase for him. For that purpose, around November, he managed to arrange the transaction by having OTI borrow the money from a bank and sub-lend it to him. He handed over the entire amount to Kyuma in Jan. 2006. He received from Kyuma an I.O.U., but there was no collateral provided for the loan. Kyuma admitted to the Mainichi on Dec. 30 that he had received the 300 million yen, saying, "The contract calls for repayment over three years. As of now, I have repaid around 18 to 25 million yen." Regarding interest, Kyuma would only say, "It is written down in the I.O.U." He would not reveal the exact interest.

As for the details, he gave a different account than his male acquaintance: "Although I made a commitment to buy the real estate that a man was selling, I decided to cancel it, and purchase it instead on my own." He said that the remaining 85 million yen of the 100 million yen loan would be borrowed from "Aimek" (TN: phonetic) (Shinjuku-ku), a company that provided military, political, and economic information. He would use that money to buy the property.

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Under the Funds Disclosure Law, Diet members are required to submit an assets report, which includes any money borrowed under one's own name. The code for cabinet minister's is an expanded one, requiring not only the name of the minister but spouses and other relatives to be included in the disclosure report. Kyuma in his disclosure report

dated Nov. 2, 2006, did not list the 100 million yen, but only stated borrowings of 38.0837 million yen. Kyuma explained: "Although I should have listed the money, I decided that essentially including only the borrowing from Aimek would be sufficient."

Kyuma served as Defense Agency director general in two cabinets: Hashimoto's and Abe's. In Jan. 2007, he became the first defense minister (when the agency was upgraded to ministry level). He resigned in July after making a remark that the atom bombing of Japan "could not have been helped."

DONOVAN